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E.O. 12958: DECL: 02/02/2027
TAGS: [PGOV](#) [PREL](#) [PA](#) [VE](#)
SUBJECT: PARAGUAYAN FIREWORKS OVER CHAVEZ MEDDLING

REF: ASUNCION 0054

Classified By: DCM Michael J. Fitzpatrick; Reasons 1.4(b),(d)

¶1. (C) SUMMARY: The heavy-handed response by Venezuelan President Chavez at the Mercosur Summit in Brazil against Paraguayan Vice President Castiglioni's criticism opened the hornets' nest in Paraguay. President Duarte claimed he challenged Chavez for attacking his VP and for interfering in Paraguayan internal politics. Venezuelan Ambassador Jose Huerta Castillo confirmed he has met repeatedly Presidential candidate Monsignor Lugo but denied he is meddling (separate reporting contradicts his account of the Venezuela-Lugo relationship). Opposition parties and news organizations have requested explanations from the Venezuelan government and called for expulsion of its Ambassador. Lugo supporters have sought information on developments and social movements in neighboring countries. END SUMMARY.

DUARTE DEFENDS CASTIGLIONI, INTERNAL POLITICS

¶2. (U) Venezuelan President Hugo Chavez lashed out at VP Castiglioni during the Mercosur Summit in Brazil (reftel), hurling accusations of Castiglioni being an imperialist and a CIA operative, sparking criticism from every corner in Paraguay. President Duarte Frutos defended Castiglioni during a news program January 25, stating he told Chavez that Castiglioni is not an agent of the CIA, nor an imperialist, and not to meddle in the internal affairs of Paraguay. Duarte also reportedly told Chavez that Presidential candidate (and former Monsignor) Lugo is not a socialist but that he is "fainthearted or is lying about his political aspirations."

VENEZUELAN AMBASSADOR ADMITS TO LUGO MEETINGS

¶3. (U) Venezuelan Ambassador Jose Huerta Castillo confirmed January 24 that he met with Lugo on three separate occasions since December 2005. According to Huerta, he met Lugo at his residence in 2005 regarding Lugo's trip to Venezuela for the World Social Forum and other meetings. The second meeting in early 2006 was supposedly about Lugo wanting to know more about their (Venezuela's) "process" and hopes of meeting Chavez and his ministers. He claims Chavez and Lugo have never personally met. In the third meeting, Huerta claims that Lugo and his aides wanted to know "more about our process and especially about the social welfare missions." Huerta also made mention that he has had conversations with imprisoned former coup leader and presidential aspirant, Lino Oviedo as well.

¶4. (S) Confidential sources note that Ambassador Huerta is not telling the whole truth about the Lugo visits and meetings. Lugo has reportedly met on several different occasions with numerous officials within the Chavez Administration. He also maintains a relationship with the Free Fatherland Party (PPL), which maintains strong ties to

the Bolivarian Movement which is tied to Chavez. (NOTE: Some members of Lugo's campaign team are PPL members. In addition, militant members of the PPL are responsible for the Cecilia Cubas kidnapping and murder and at least one of those convicted were seminary students of Lugo. End Note).

POLITICAL PARTY AND PRESS CHIME IN

15. (U) The Beloved Fatherland Party (PPQ) requested a full explanation from Venezuela about the Chavez comments and the activities of Ambassador Huerta. A recent editorial in Asuncion's La Nacion newspaper blasted Venezuela for "criticizing the USG for being an interventionalist nation but at the same time proceeding in an identical manner." The article called for Huerta to be declared persona non grata and expelled from Paraguay because of his intervention in local politics.

16. (U) Some die-hard Lugo supporters announced their interest in the developments and processes in leftist regimes such as Venezuela, Bolivia, Chile and Brazil. These supporters have made it clear their intent to use those nations as models. However, Lugo has since tried to tamp down fears by saying Paraguay has its own political process and "there is no comparison with the political processes of neighboring countries."

COMMENT

17. (C) President Duarte's tepid attempt to defend VP Castiglioni is significant for both regional and domestic reasons. Paraguay has signaled that there are indeed limits to how far it can be pushed around - at least without squawking about it - by Mercosur's new "bad boy." Duarte is also obviously uncomfortable with Venezuela's possible support for a Lugo candidacy in 2008.

18. (C) Castiglioni and Duarte have not had a good relationship of late and this could be a sign that Castiglioni may have the advantage in a Colorado primary. Duarte has in the past identified other possible persons he might support and Castiglioni was not one of them. Venezuelan meddling and association with Lugo brings with it much controversy and could derail the Lugo plan of becoming the standard bearer for the opposition in 2008. Lugo already has the difficult task of building an opposition coalition that can hold together. Meanwhile, the Colorados and Lugo's supporters have begun attacking each other and the months ahead will likely bring much more mudslinging. Charges of stealing past elections, ill-gotten wealth and corruption have laid the foundation for what looks to be a virulent fight. END COMMENT.
CASON